# All About PopCap Games

**All Hail PopCap Games!**

- Over 16 billion hours of gameplay since 2000
- Over 350 million downloads of the *Bejeweled*® franchise games — nearly a third of the 1+ billion downloads of all PopCap titles
- One Bejeweled game sold every ten seconds
- Leader of a $2.5 billion industry

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"PopCap's ultimate achievement is in taking simple elements that anyone can learn and turning them into raging, overwhelming obsessions. It's something commercial games with 50 times the budget often can't match."

*— Computer Gaming World*

## Overview

PopCap Games is the premier developer of fun, easy-to-learn, captivating games that appeal to everyone from age 6 to 106. No two games are alike, and any of them can be played by a novice, yet still provide enthralling fun 200 hours later.

PopCap started from humble origins: no money, in a home attic, and no real prospects. But our founders also had a pioneering spirit, innovative (sometimes crazy) ideas, and an unquenchable passion for making games that were fun.

In eight years, the company has parlayed that nerve and verve into a leadership role in a multi-billion dollar industry that we also practically defined. And we're still at it today: applying the unique PopCap approach to create fresh, new gaming experiences; expanding into new markets, distribution methods and sales models; and developing games that consistently win awards and the hearts of consumers of all ages.

Millions flock to play PopCap's games online at sites like PopCap.com, Yahoo.com, RealArcade.com, MSN.com and AOL.com; to download them for use on their home and work computers; and to snap them up at retail stores like Best Buy, Target and Wal-Mart.

Millions more have fun on the run playing PopCap titles like *Bookworm*™, *Chuzzle*™, *Bejeweled*® *2* and *Zuma*™ on cell phones, PDAs, iPod and BlackBerry devices, Pocket PCs and in-flight entertainment systems on leading airlines. Even "hardcore" gamers—once glued to first-person shooters and role-playing titles—are using their Xbox video game systems for casual game play with *Zuma*, *Feeding Frenzy*™, *Heavy Weapon*™ and other PopCap titles.

And these are only a few of the places where you'll find PopCap Games helping people chill out, wind down, pass time and engage with each other in play.

*Chuzzle*

## Humble Origins

Set your time machine to the year 2000. Three upstart twenty-somethings have honed their game-development skills at online game companies like pogo.com and Sierra's Won.net. They ultimately meet while colluding on a game called ARC, then start their own company to develop games that can provide fun for everyone.

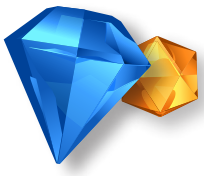
Like most early casual games ventures, they focus on cool little Java Web titles that people play online for free and that are funded by online advertising.

Then the Internet bubble pops, ad income goes bust, and the three energetic founders—Brian Fiete, Jason Kapalka and John Vechey—are left holding their first great online hit, *Bejeweled* (nee *Diamond Mine*), and no way to really start profiting from it. (In fact, prospective buyers and partners declare "it's not even really a game" and extend only nominal offers.)

That's when the radical idea strikes: "Why not let people try out a basic version of *Bejeweled* online for free, and entice them to *buy* a deluxe version with better graphics, more levels and some bells and whistles?"

Peers think this "try before you buy" idea is cracked, but the trio forges ahead anyway. Soon after posting their first downloadable game, *Bejeweled Deluxe*, in 2001, orders begin to roll in by the hundreds per hour.

The rest is... well, PopCap's top franchise, casual games' history, and the world's greatest gain in the land of relaxing fun.



"The 'try before you buy' sales model means we have virtually no dissatisfied customers. If they can play the game in all its deluxe glory for an hour, they have a far better idea how much that game really appeals to them. This may sound hackneyed, but these products really do have to sell themselves."

*—Dave Roberts, CEO PopCap*

**Sexy Action Cool**

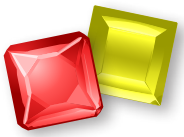
So where did the company name come from? Originally dubbing their company Sexy Action Cool (inspired by a bus ad for the film *Desperado*), the founders needed something a little classier to appeal to their target audience. They liked the word "pop" to symbolize games that would be "popular" for everyone. Going through a dictionary, they stopped at "pop cap"—the top to a bottle of soda and a phrase that evokes childhood play. Today's logo is still reminiscent of the company's original bottle-top logo.

**The cheery chime of success**
When they first posted *Bejeweled Deluxe* as a "try before you buy" game, Brian Fiete, a PopCap founder, wrote a simple program that made a *ka-ching* cash register sound for every online sale. At first it was really cool hearing that *ka-ching* every hour or so. But when it started going off every 15 minutes, then every two minutes, and then nearly non-stop, they turned the thing off because it was driving them nuts!

## The *Bejeweled* Franchise

While games like *Zuma*, *Bookworm*, *Peggle*™ and *Chuzzle* are huge hits, *Bejeweled* and *Bejeweled 2* remain PopCap's "flagship franchise." *Bejeweled* is only the second puzzle game over the past twenty years to be inducted into *Computer Gaming World*'s Hall of Fame—taking its place alongside Tetris, which was inducted in 1987.

PopCap's *Bejeweled* franchise has sold more than 25 million units across all platforms since its 2001 introduction, has more than 350 million downloads to date, and is still a top seller.



"I tried it... and kissed productivity goodbye. And once my coworkers got hold of that disk, we seriously flirted with going out of business. We were all hooked on *Bejeweled*—perhaps the most insanely addictive puzzle game ever and the one that put PopCap on the casual gaming map. The company hasn't stopped wasting your time since."

*—Games Magazine*

## The Making of a Market

### Anything but casual growth

In the late ’90s and early ’00s, the casual games sector was a distant blip on the radar of computer industry analysts. A mere $150 million market, it was the domain of dot-com start-up game developers (including PopCap), all struggling to survive with the “free games supported entirely by ad and sponsorship dollars” sales approach. The sector was fledgling, fragile and nearly wiped out in the ’01 dot-com debacle.

Not so eight years and an Internet revival later. With annual revenue surpassing $2 billion in 2007, casual games have rocketed to the forefront of analyst attention, growing far faster than the video games industry as a whole.

In PopCap’s first three years (2000 to 2003), for example, consumer spending on PopCap games shot from zero to about $10 million. It quintupled to approximately $50 million by 2005, surpassed $75 million in 2006, hit $110 million in 2007, and is expected to reach $150 million in 2008.

Casual games are drawing more than twice the audience of “hardcore” games, such as first-person shooters, role-playing titles and video console games, and they continue to gain momentum among players and developers. Conservative estimates from firms such as DFC Intelligence, M:Metrics, Current Analysis and RC Research expect the casual games sector to grow more than 50% year-over-year for the foreseeable future, with revenue reaching $4–8 billion by the end of the decade.

Much of this growth is thanks to PopCap, who dared to launch the “try before you buy” sales model (now the industry standard), and who has increased casual games’ credibility through cool, high-quality, original game designs.

*Bookworm Adventures*

*Peggle*

**Categories of casual cool**

As one of the first companies in the casual games space, PopCap has some of the strongest brands in several genres.

Many offerings are puzzle games: *Bejeweled 2*, *Chuzzle*, *Mummy Maze*™ and *Alchemy*™ are leading examples.

Products such as *Zuma*, *Hammer Heads*, *Feeding Frenzy 2*, *AstroPop*™ and *Heavy Weapon* are “simple action” or “retro arcade games,” often with modest puzzle elements.

For strategy lovers, we offer titles such as *Peggle* and *Insaniquarium*™, where cleverness and planning pay off in heights of glory.

Then there are our word games—*Bookworm*, *Bookworm Adventures*, *Word Harmony*™ and *Bonnie’s Bookstore*™. These also have some puzzle attributes, but they’re primarily about building words letter by letter.

While PopCap sometimes publishes games made by other parties, we mostly develop our own titles in-house.

## Look who's playing!

PopCap's games have been downloaded from PopCap.com well over 350 million times since 2000 — and more than a billion times if you count downloads from all our other online distributors.

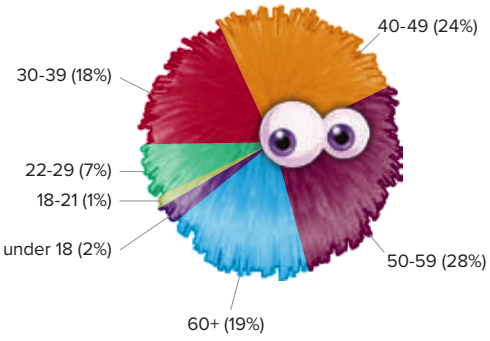
Surprisingly, most of these PopCap customers aren't the youthful, teenage, mid-20s set you might expect. They're a whole new crowd of 30-, 40-, 50-, and even 60-year-olds who are discovering casual computer games as a fun, fast, cost-effective source of leisure-time activity and entertainment.

While some of our games do draw the under-25 crowd, typical PopCap customers are 40-something women (who, at more than 700 million downloads to date, are out-downloading men almost three to one).

Even more interesting is that nearly half of all PopCap downloads have been by people who are 50 or older, and of those, over a third were by folks age 65 or older!

### Who's Playing PopCap Games?

**Average User Age**




89% by adults over age 30
19% by adults over age 60
72% by women
46% by college grads

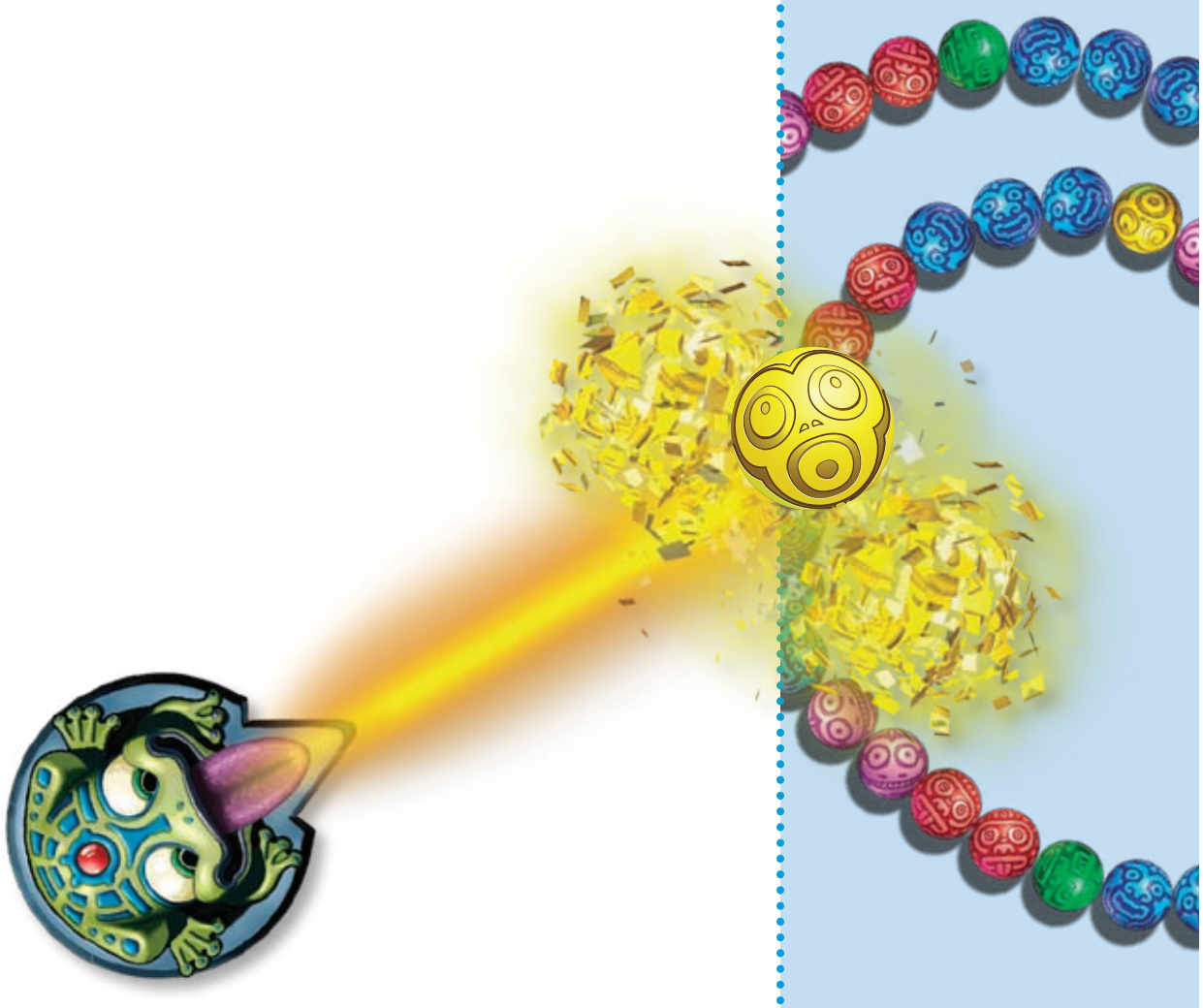
*Source: Information Solutions Group, August 2006 Survey*

## So what's the big appeal?

Simple: Casual games are fast to learn, easy to play, maddeningly addictive, and provide engaging fun that lasts for hundreds of hours—virtually forever in a well-designed game.

They're also ideal for today's busy, highly mobile lifestyle. They lend themselves to short sessions of play (say, 5 to 15 minutes... OK, often longer!). They can be played just about anywhere (on desktop computers, cell phones, iPod devices, PDAs and other mobile units). And they generally relax players rather than rev them up like hardcore games do.

Many folks, for instance, turn to PopCap games to take a break at work with *Peggle* or *Insaniquarium*, to pass time in line or at a dentist's office with *Zuma* or *AstroPop*, to compete with friends for high scores in *Bookworm* or *Bejeweled 2,* to unwind after a busy day with *Chuzzle*, and to play *Bookworm Adventures* with the kids before bed.



**Free PopCap game development framework**
PopCap wants to support any casual game that's fun to play, and we know how hard it is to get started on one. To give developers a leg-up on creating cool new games, we offer our tried-and-true PopCap game framework, developed by Brian Fiete, for free.

Anyone can use it for developing their own game with almost no obligation to us—just an acknowledgement of the PopCap framework in the credits. We also sponsor a developers forum on PopCap.com for those who use the framework.

**The "mom test"**
In the earliest days of the company, PopCap's founders would use the "mom test" to gauge the potential breadth of popularity of an upcoming game. They would sit their moms down in front of a game in alpha or early beta stage, and leave them there. If the moms were still playing 30 to 60 minutes later, they knew they were headed in the right direction. Even though our founders' moms have become a lot more game-savvy, we still use the "mom test" with them and many other mothers.

## The PopCap® Way

At PopCap, game development is all about "iterate, iterate, iterate." We'll start with a core game concept, build a quick prototype, and then spend months refining and refining and refining it until it's super fun and polished.

Every iteration adds more of the perfect touches that set a PopCap game apart: Extremely fun and intuitive game play. Simple learning curves and user interfaces. Beautiful visuals and exciting sound effects. New goals, increased challenges, and sparkly things to collect as players get better.

We test all our games with our employees, our moms (really!), our significant others and friends, and of course our beta forum. All these sources provide invaluable insights into every detail of a game's makeup, and we use their feedback to fine-tune each game before launch.

We typically spend twice as long finishing a casual game as anyone else in the industry. And although we're always pushing the envelope in production quality and depth of game play, the core activity must be truly *fun* for a game to make it out the door. Otherwise, we'll shelve the game—no matter how long we've worked on it. In fact, we pursue dozens of game ideas for every title that ends up shipping.

While a typical video gaming company may have three to five flops for every success, PopCap Games has yet to have a failure thanks to this fervent approach to development.

"We may experiment with different genres, but our goal is always to make games that literally anyone can play. That's what we do best."

*— Jason Kapalka, PopCap founder*

"We are willing to kill a game at any stage if we don't think it's working out—even ones we've been working on for months."

*— John Vechey, PopCap founder*

## Pegging the Future of Casual Games

From new business opportunities to new markets and kinds of game play, the future of casual games—and PopCap's future in this industry—is virtually limitless.

### More major developers

Historically, casual games have been built by small teams on modest budgets (three to four people with $200,000 budgets vs. hundreds of people and millions of dollars for hardcore games). This production-budget bar has risen, though, as more major companies have entered the space.

For instance, Electronic Arts acquired Pogo a few years ago, and recently established a large division dedicated to developing casual games. Microsoft and Nintendo also opened their Xbox video game system and Wii system to casual game downloads, which has invited more developers into the playing field. Such growth increases the potential for greater partnerships, as well as greater competition, in game development and distribution.

### More channels and revenue streams

In addition to our online presence, PopCap's retail presence is growing in chains such as Best Buy, Target and Wal-Mart. Titles like *Bejeweled*, *Zuma*, *Bookworm* and *Chuzzle* consistently rank #1 or #2 in the family games category and frequently rank #1 or #2 of all games sold in these stores. Although many thought casual games wouldn't sell in these venues, we're reaching millions of impulse buyers and customers who prefer retail over online shopping.

The return of ad-based revenue, derived from the billions of hours that people play our games for "free" online, has also become a promising new income source. Playing casual games is still the biggest reason why people linger on the Web, and now that the Internet has matured, online advertisers are paying to reach these audiences through a cartload of newer, less intrusive ad mechanisms.

Still other revenue paths the industry is exploring include game subscriptions, skill-based game play (paying to increase the difficulty of play) and micropayment options (such as session-by-session playing).

**Casual meets console**

At PopCap, we're always dreaming up ways to get our games in front of the broadest possible audience. One of our greatest achievements has been to hook former "hardcore-only" players into the fun of casual play by porting our titles to video gaming consoles.

When Microsoft Xbox LIVE Arcade debuted in 2004, for instance, we were there as one of the original developers with *Bejeweled*, *AstroPop* and *Zuma*. When Xbox LIVE Arcade came out a year later for Xbox 360, we had five titles ready, and more are in development.

PopCap is still the top Xbox 360 developer in sales revenue and longevity of our titles' popularity. A recent release on that platform, *Heavy Weapon*, is one of the fastest selling titles at launch of any Xbox LIVE Arcade product.

PopCap continues to be a strategic launch partner for Microsoft, as well as for other game console developers such as Nintendo.

## More platforms

PopCap is steadily pursuing the mobile market to clinch our place as the leading provider of casual games for cell phones, iPod devices and other mobile units, which are perfect for bite-sized, on-the-go playtime. *Bejeweled* has been a top-5 mobile game for years throughout North America. Europe and Asia, both sources of huge wired populations, have equally enormous potential for expanding the casual games customer base.

We've got plans to bring our games to additional handheld devices, like the Game Boy Dual-Screen and PlayStation Portable. We're considering multiplayer games, taking some cues from the Asian market where these games are popular. And we're poised to make Xbox LIVE Arcade and console game channels an even larger part of our business. LIVE Arcade, in turn, will broaden the types of games generally considered "casual," further extending this line of business for the industry.

Other platforms we've been working with for a few years are just now emerging. These include in-flight entertainment, where you can play games like *Bejeweled 2* on a touch screen on the seat in front of you on a plane, and in-hotel offerings where you can play them on your room's TV. *Bejeweled* and other PopCap brands have even been featured on scratch-and-win lottery tickets in several countries.

As part of this ongoing expansion, PopCap acquired SpinTop Games, in Vancouver, British Columbia, which creates casual games based on proven genres like Solitaire and Mahjong. This independent studio applies contemporary, high-quality production values to create addictive mass-market games. In addition to the game studio, SpinTop has a consumer Website portal, with over 280 downloadable games available, which complements PopCap's own boutique Website.

## More countries

International markets are a major opportunity for casual games, which are often so visually-based that they require little localization. Show non-English-speaking people *Bejeweled*, for example, and they "get it" as quickly as native English speakers.

Numerous PopCap games are being localized across Europe, from Germany and France to The Netherlands and Denmark. PopCap is also increasing its presence in Asia. Expansion there includes a newly-opened office in Shanghai serving all of the Asia-Pacific region, and a major partnership with Square Enix that has our games selling on huge portals in Japan. Asia is also big on multiplayer and community-based games, which can open more doors for casual games.

To build these international markets, we opened PopCap International in early '06 to complement the 100 or so employees at our Seattle headquarters and our San Francisco and Chicago development studios. PopCap International, based in Dublin, Ireland, has grown to more than 30 employees who work on everything from product localization to mobile games development, marketing, sales and business development.

## More game sophistication

As more developers join the market, broad-appeal games will become more visually sophisticated and creative, sometimes spawning all-new genres of casual games. PopCap's *Bookworm Adventures*, for example, is a first-time combo of a casual word game plus a traditional fantasy role-playing game. It took us over two years to develop, and has been received very well by our target customers — in fact, it's been breaking sales records since its launch in late 2006.

In the future, we hope to strike a balance between creating bread-and-butter, traditional puzzle and arcade games — like *Bejeweled*, *Zuma* and *Bookworm* — and expanding into more experimental projects — like *Bookworm Adventures* and other titles that blend elements and archetypes from hardcore games with the PopCap magic we're known for.

But whatever we do, it's always gonna be fun!

"Creating casual games that are different than what has been previously released is hard, but it's important and it's worth doing."

*— Jason Kapalka, PopCap founder*

# Awards Galore

PopCap™

**Maverick Award**
*IGDA (inaugural award, 2004)*

**Hall of Fame Award**
(to Jason Kapalka)
*CGA Amsterdam Zeeby Awards (2007)*

Bejeweled™

**Hall of Fame Inductee**
*Computer Gaming World (2002, the only puzzle game inducted since Tetris in 1988)*

**Puzzle Game of the Year**
*Computer Gaming World (2001)*

Bejeweled 2™

**Commercial Game of the Year**
*Handheld Computing Magazine (2002)*

**Best Mobile Phone Game**
*G-Phoria, "The Award Show 4 Gamers" (2004)*

**Best Puzzle Game**
*PocketPC Magazine (2005)*

Astro POP™

**Editors' Choice Award**
(Best New PDA Game)
*PC Magazine (2004)*

**Editors' Choice Award**
(5 out of 5 stars)
*PC Magazine (2005)*

Bookworm™

**Notable Computer Software for Children Award**
*Association for Library Service to Children (2007)*

**Puzzle Game of the Year**
*Computer Gaming World (2003)*

**Editor's Choice Award**
(5 out of 5 stars)
*Computer Gaming World*

**All-Star Team of Online Games**
*CNN*

Peggle™

**PC Casual Game of the Year**
*1UP.com (2007)*

**Top 100 Video Games of All Time** (#40)
*PC Gamer Magazine UK (2007)*

**5 Most Addictive Video Games of All Time**
*MSNBC.com (2007)*

**Top 10 Video Games**
*Games For Windows Magazine (2007)*

**Top 10 Video Games**
*Joystiq.com (2007)*

**Finalist, Downloadable Game of the Year**
*Academy of Interactive Arts & Sciences (2007)*

**Finalist, Most Innovative Game of the Year**
*GDC Awards (2007)*

**Best Arcade Game of the Year**
*CGA Seattle Zeeby Awards (2007)*

Bookworm Adventures™

**Notable Computer Software for Children Award**
*Association for Library Service to Children (2007)*

**Downloadable Game of the Year**
*AIAS Achievement Awards (2006)*

**Best Word & Trivia Game**
(People's Choice Award),
**Best Game Design** (Craft Award),
**Best Story/Narrative** (Craft Award)
*CGA Amsterdam Zeeby Awards (2007)*

Feeding Frenzy 2™

**Casual Game of the Year**
*Digital Entertainment Media & Marketing Excellence (DEMMX) Awards (2006)*

Zuma™

**People's Choice Award**
*BREW 2006 Developer Awards (2006)*

**Runner-Up, Game of the Year**
*IGN.com (2005)*

**Wireless Puzzle Game of the Year**
*IGN.com (2005)*

**Nominee, Best Game**
*5th Annual Mobile Choice Consumer Awards (U.K. 2005)*

**Game of the Year**
*RealArcade (2004)*

**Top Shareware Game**
*Adrenaline Vault (2004)*

Chuzzle™

**Entertainment Product of the Year**
*Washington Software Alliance (2005)*

**Casual Game of the Year**
*Digital Entertainment & Media Excellence (DEMX) Awards (2005)*

PopCap™

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